Colorado Economic Recovery Accountability Board -- June 11, 2009 Overview of the SFSF Office of State Planning and Budgeting

- The ARRA allocates \$760,242,539 to Colorado under the State Fiscal Stabilization Fund.
- 81.8% or \$621,878,397 goes to the Education Stabilization Fund.
- 18.2% or \$138,364,142 goes to the Government Services Fund.
- Within two weeks of receipt of the State Stabilization Fund application, Colorado will have access to 67% of its total Stabilization allocation.
- Colorado will have access to the remaining 33% of its total Stabilization allocation after the U.S. Department of Education approves the State's comprehensive plan for making progress in the four education reform areas.

Education Stabilization Fund

- These funds must go to Higher Education and/or K-12 Education.
- The funds must restore reductions, or, in the case of K-12, fund formulaic increases.
- The Governor's plan follows the current guidance and does not require a maintenance of effort waiver.

Higher Education

- The restoration ceiling is the greater of fiscal year 2008 or fiscal year 2009.
- ➤ Colorado can restore to FY 2008-09 funding levels with the aid of federal stimulus dollars but cannot exceed this funding ceiling.
- ➤ The restoration floor is FY 2005-06.
- ➤ Colorado may reduce State fiscal years 2008-09, 2009-10, and 2010-11 down to FY 2005-06 levels, then will backfill 100% of these reductions up to the FY 2008-09 level.
- ➤ Colorado cannot reduce state support for institutions of higher education below the FY 2005-06 level.
- ➤ If more than \$150.7 million is reduced from Higher Education from the original FY 2008-09 funding level in any of these years, Colorado will lose the entire \$760 million in federal funds (both the 82.8% share and 18.2% share).

Summary of Higher Education Reductions and "Restorations"

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State Fiscal Year	2008-09	2009-10	2010-11
Initial Higher Ed Reduction Replaced by	\$30,000,000	\$150,676,055	\$150,676,055
Education Stabilization Fund			
Final Higher Ed Reduction (maximum	\$150,676,055	\$150,676,055	\$150,676,055
allowed under ARRA)			
General Fund Relief for Transfer to the State	\$120,676,055	\$0	\$0
Education Fund, to be used before September			
2011			
Total Amount Restored in Higher Education	\$150,676,055	\$150,676,055	\$150,676,055
with Education Stabilization Funds			

K-12 Education

- After Higher Education utilizes \$452,028,165 of the Education Stabilization Fund, \$169,850,232 remains to be accessed.
- ➤ The remaining relief will be transferred into the State Education Fund for K-12 Education.
- These should be the first State Education Funds used and spent by schools before October 2011
- ➤ Since Colorado cannot "reduce and restore" K-12 education due to Amendment 23, the State's obligation is offset with the federal funds.
- ➤ In FY 2009-10, the amount for K-12 offset will be \$152,061,455.
- ➤ The balance, \$17,788,777 is applied to FY 2010-11.

Government Services Fund

- Government Services Funds must be used for government services (and cannot be used to pay a debt, fund maintenance on facilities or systems, or restore a rainy day fund).
- \$70 million has been transferred to the General Fund for budget balancing purposes.
- As long as the funds are tracked and spent as required by the ARRA, the General Assembly may use these funds as a transfer to the General Fund.

Category of Government Services Fund	Estimated Dollars	Estimated Percent
Public Safety	\$0	0.0%
Elementary and secondary education (excluding	\$9,550,000	6.9%
modernization, renovation, or repair of public school		
facilities) to prepare for Race to the Top and Race to the Top		
education programs		
Public IHEs (excluding modernization, renovation, or repair		0.4%
of IHEs) for the College Opportunity Fund Private Stipends in	\$538,000	
FY 2008-09 and higher education planning. Includes \$288,000		
for private COF stipend FY 08-09 plus \$250,000 for Higher		
Education Master Plan		
Modernization, renovation, or repair of public school facilities	\$0	0.0%
Modernization, renovation, or repair of IHEs	\$0	0.0%
Medicaid	\$0	0.0%
Public assistance	\$0	0.0%
Transportation	\$0	0.0%
Other (please describe) Avoiding reductions to government	\$70,000,000	50.6%
services such as health care, social safety net purposes and public		
services		
Undetermined (reserved for budget balancing, ARRA	\$58,276,142	42.1%
administrative costs, targeted investments and efficiencies or		
possibly capital construction modernization, renovation, or repair)		
	\$138,364,142	100.0%

IHE = Institution of Higher Education

